

**Learning Goal:** Students will understand the economic way of thinking and be able to explain how scarcity requires choices by both individuals & society.

*Define the following essential vocabulary for this unit.*

capital

cost-benefit analysis

entrepreneur

factors of production

"Guns v. Butter"

human capital

labor

land

macroeconomics

microeconomics

need

opportunity cost

physical capital

production possibility curve (PPC)

scarcity

trade-off

want

**Essential Questions:** Use as many vocabulary terms as possible when answering the questions.

1) What is scarcity?

2) Why is scarcity considered the basic economic problem?

3) How do incentives and utility influence people's economic choices?

4) What is a production possibilities curve and what do economists learn from using them?

5) Why do economists use economic models?

6) What economic questions are asked in microeconomics vs. macroeconomics?